

Outgoing

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OK

From: Priscilla Burton
To: OGMCOAL; Ruger, Adrian
CC: Dean, Dana; Haddock, Daron
Date: 9/8/2010 1:33 PM
Subject: Re: Tabulation Packet for Bid AR11035 White Oak Mine Recl.
Attachments: 20100908142643.pdf

Hello Adrian,

Attached please find a letter regarding the award recommendation.

Thank you,

Priscilla Burton, CPSSc
Division Oil Gas & Mining
319 Carbonville Rd., Ste. C
Price UT 84501
(435) 613-3733

>>> Adrian Ruger Thursday, September 02, 2010 11:32 AM >>>

Please find attached the bid tabulation packet and instruction letter for subject solicitation. Please review this information and provide me with an award recommendation.

Please ignore the shading that says, "Express Evaluation." I called BidSync, and it's a glitch in their system that they are working to correct.

THX

Adrian Ruger, C.P.M.
Division of Purchasing & General Services
(801) 538-3146



JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

State of Utah
DEPARTMENT OF NATURAL RESOURCES
Division of Oil, Gas & Mining

MICHAEL R. STYLER
Executive Director

JOHN R. BAZA
Division Director

September 7, 2010

Mr. Adrian Ruger
Utah Division of Purchasing
3150 State Office Bldg. – Capitol Hill
Salt Lake City, Utah 84114

Subject: White Oak Mine Stabilization Project. AR11035

Dear Mr. Ruger:

The Division of Oil, Gas, & Mining is not convinced that St. Cloud Mining Company can perform the items in the Scope of Work for their low bid amount of \$179,672.

- 1) The second low bidder was \$257,308. The third low bidder was \$361,183. There were eight bidders in all and the highest bid was \$748,774.

The Division of Oil Gas and Mining's engineering estimate for the project was \$314,081 (based on the RSMeans - Heavy Construction Cost Data, 24th Edition, 2010).

	<u>DOGM estimate</u>	<u>St Cloud bid</u>
Earthwork and Stream	\$314,081.00	\$109,742.70
Biosolids haul & apply	\$ 27,800.00	\$ 1,785.30 (included in above amount)
Revegetation	\$ 41,420.00	\$ 63,797.32
Total	\$383,301.00	\$179,672.23

A bid of \$179,672.23 does not appear adequate for the costs incurred for earthwork and stream stabilization.

- 2) The Division previously noted that St. Cloud Mining Co. estimated a zero figure for the earthwork line item 15 (cost of hauling biosolids to the site). St. Cloud indicated that the hauling would be subcontracted to Circle C Construction. This cost was estimated at between \$7,000 and \$37,600 by the other bidders.
- 3) St. Cloud Mining Co.'s Bid Bond form was signed by both the bidder and the bonding company, but the bonding amount was left blank, although the amount of 5% of the bid is indicated.

- 4) St. Cloud Mining Co. is currently under contract with the Division of Oil, Gas and Mining's Abandoned Mine Land Reclamation Program (AMR) on the La Sal Project. AMR Project Manager Bob O'Brien has several concerns:
- a. St. Cloud's Project Manager has turned over five times since the bid was opened in April 2010. (i.e. Steve Bechtel quit before the NOI was issued.)
 - i. The NOI was issued on May 3, 2010. Dave Armendaris, St. Cloud's Project Manager, left the first week of July.
 - ii. Greg Gundling was hired as Project Manager in July and quit after 1 week.
 - iii. Company President, John Bokich acted as Project Manager until the 1st week of August and then he resigned.
 - iv. Chief Operating Officer, Keith Sinsel, then brought Greg Gundling back as Project Manager. Greg has been on the job for three weeks now.
 - b. There has been turnover in the ranks of the laborers as well.
 - c. The AMR program was concerned that these personnel issues were affecting performance and asked St. Cloud Mining Co. to increase the number of laborers on site from the current 7 or 8 and show their ability to complete the project with a schedule of work (letter dated 8/24/2010 attached).
 - d. St. Cloud responded on 8/31/2010 with a schedule (see attached). This schedule is currently under discussion and revision. Luci Malin, the AMR Administrator, believes the target completion date of October 1st is overly optimistic and expects the work to extend at least into mid-October. At an elevation of 9,000 ft., there is a very short window of opportunity for the White Oak project to be completed before weather shuts our project down. Work on this project must get started no later than October 1 to have any chance of being completed this year.
 - e. St. Cloud Mining Co. has struggled to incorporate the health and safety requirements and has not demonstrated their familiarity with and ability to conduct accurate radiological monitoring and biological screenings to protect the health and safety of on-site workers. The White Oak project does not involve radiation exposure; it does require attention to sanitation in the application of biosolids.

The Division of Oil, Gas and Mining believes that it may be in the best interest of our project to go with the second low bidder, Innovative Excavation. We have briefly evaluated the second lowest bidder and noted the following:

- 1) Innovative Excavation did not include the cost of insurance in the bid schedule summary page.

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Adrian Ruger
September 8, 2010

- 2) The Engineer's contact information was not included with the list of construction projects completed in the last five years.

Would you please inquire about this engineer's telephone numbers? The Division would like to be able to check the Innovative Excavation references.

Sincerely,

A handwritten signature in black ink, appearing to read "Daron R. Haddock". The signature is fluid and cursive, with the first name "Daron" and last name "Haddock" clearly distinguishable.

Daron R. Haddock
Coal Program Manager

DRH/PWB/ss
cc: Price Field Office
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